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SUBJECT: RUSSIAN BUSINESS PRESENCE IN TANZANIA: C-CI9-01825

REF: SECSTATE 88241

¶1. The Minister Counselor/DCM at the Russian Embassy in Dar Es Salaam handles trade and investment matters. He is coordinating a Trade and Investment delegation arriving in Tanzania November 9.

¶2. The most high profile investment by a Russian company in Tanzania is Petra Diamonds' October 2009 purchase of De Beers' 75 percent stake in the Williamson (Mwadi) diamond mine in Shinyanga region for USD 10 million (the GOT owns the remaining 25 percent). Despite De Beers' declared losses for the past fifteen years, Petra reported a USD 10.5 million value of the 84,486 carats' worth of diamonds mined in the past year, and announced plans to invest up to USD 45 million in the mine, which is reportedly the largest deposit of kimberlite diamond ore in the world. The Tanzania Investment Center list of Russian investment from 2000-2008 shows nine Russian companies involved in manufacturing, three in transport, seven in mining and three in tourism, with total investment value of USD 26 million. The largest Russian investors were passenger transport provider Unique Group (USD 7.67 m), tour operator Ultra Travel Africa (USD 2.4 m), and vehicle reconditioning garage VIP Auto Zone (USD 1.16 m). Rexwell Mining Company discovered niobium and tantalum, used for cell phones and shipbuilding, in Mbeya in 2006 and is undertaking further exploration. Revenue figures were unavailable.

¶3. Well-known Russian billionaire Roman Abramovich's recent visit to climb Mt. Kilimanjaro highlights a trend toward increased Russian tourism in Tanzania, which the GOT actively promotes. Since 2003, Tanzania has participated in more than ten tourism exhibits in Moscow.

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